

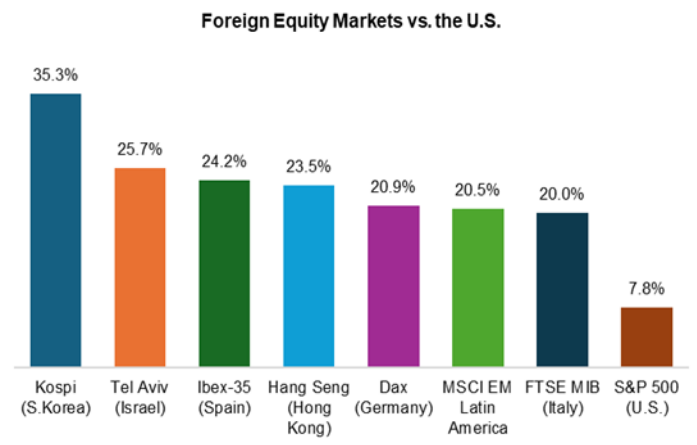


Market Musings

A newsletter brought to you by Victoria Capital Management, Inc.

VOL. 8, ISSUE 8

Here are the best-performing stock markets around the world for the first half of 2025. Higher stock prices imply greater wealth, a key factor in improving standards of living. Monitoring these markets can be a good leading indicator of a better global economy.



“It’s tough to make predictions, especially about the future.”

- Yogi Berra

Market Commentary

Domestic equities continued their rally during July with the S&P 500 reaching 10 all-time highs and finishing up by 2.2%. Mid and small-cap stocks also rose by 1.6% and nearly 1%, respectively, on strong corporate earnings results and favorable economic metrics. Asian stocks, as measured by the Pan Asia Broad Market index, gained 1% while Hong Kong and South Korea added to their meteoric gains so far this year. Most European countries contributed positively to the S&P Europe 350 that gained, with the notable laggard of Denmark, which was dragged down by index heavyweight Novo Nordisk's 28% drop in July. Gold also continued to rally while the yen declined, taking some pressure off the U.S. dollar.

The New World of Global Wealth

The U.S. economy and related financial markets experienced significant turmoil in the first half of this year, spurred on by a new (well, almost new) President who was committed to changing the world order. Rather than focusing on domestic issues, he moved quickly to implement tariffs on both our friends and enemies. Equity markets plunged in early April and then rebounded as those tariffs were postponed and negotiated lower. Economists thought the U.S. economy would fall into a recession as these higher duties would truncate consumer buying of foreign goods and services. Yet the markets reversed course as economic statistics held up and did not deteriorate. By the end of the second quarter, equity markets rallied to new highs, and stable interest rates kept the Federal Reserve from further cuts in interest rates. The second most significant consumer asset is investments in the financial markets, so a positive year-to-date performance effectively puts more money in consumer pockets, making investors and savers a little richer and a little happier.

The big news was in the performance of foreign equity markets, as you can see from the chart above. Although forecasters expected continued weakness in European and Asian markets due to the tariff wars, the “Trump” offset was pressure to increase defense spending and reduce reliance on the U.S., as the big brother is not going to be there in future conflicts. Did governments respond? Stock markets are good indicators of the economic future; when markets rise, they also increase the wealth of investors. As investor wealth increases, so does their spending, which in turn strengthens the economy. So, by looking at various stock markets, we can get an idea of what is in store for the global economy in the coming years.

With his win at the British Open, Scottie Scheffler became the eighth golfer to finish in the top ten of all four majors and win at least two within the same season. The other seven are Arnold Palmer, Gary Player, Jack Nicklaus, Tom Watson, Tiger Woods, Jordan Spieth, and Xander Schauffele.

(Source: CBS Sports)